

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

April 4, 2025

3:18 p.m.

MEMBERS PRESENT

Representative Carolyn Hall, Co-Chair
Representative Ashley Carrick
Representative Robyn Niayuq Burke
Representative Dan Saddler
Representative Julie Coulombe
Representative David Nelson

MEMBERS ABSENT

Representative Zack Fields, Co-Chair

COMMITTEE CALENDAR

HOUSE BILL NO. 148

"An Act relating to insurance; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 60

"An Act relating to municipal and state procurement preferences for agricultural products harvested in the state and fisheries products harvested or processed in the state; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 148

SHORT TITLE: OMNIBUS INSURANCE BILL

SPONSOR(s): LABOR & COMMERCE

03/21/25	(H)	READ THE FIRST TIME - REFERRALS
03/21/25	(H)	L&C, HSS
03/26/25	(H)	L&C AT 3:15 PM BARNES 124
03/26/25	(H)	Heard & Held
03/26/25	(H)	MINUTE(L&C)
04/02/25	(H)	FIN REPLACES HSS REFERRAL
04/02/25	(H)	L&C AT 3:15 PM BARNES 124

04/02/25 (H) <Bill Hearing Canceled>
04/04/25 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 60

SHORT TITLE: PROCURE PREF: AGRIC. & FISH PRODUCTS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/22/25 (H) READ THE FIRST TIME - REFERRALS
01/22/25 (H) FSH, L&C
02/06/25 (H) FSH AT 11:00 AM GRUENBERG 120
02/06/25 (H) Heard & Held
02/06/25 (H) MINUTE(FSH)
02/11/25 (H) FSH AT 10:00 AM GRUENBERG 120
02/11/25 (H) Moved HB 60 Out of Committee
02/11/25 (H) MINUTE(FSH)
02/12/25 (H) FSH RPT 5DP 2NR
02/12/25 (H) DP: VANCE, KOPP, EDGMON, ELAM, STUTES
02/12/25 (H) NR: HIMSCHOOT, MCCABE
02/21/25 (H) L&C AT 9:00 AM BARNES 124
02/21/25 (H) Heard & Held
02/21/25 (H) MINUTE(L&C)
04/04/25 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

LORI WING-HEIER, Director

Division of Insurance

Department of Commerce, Community & Economic Development

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 148.

HEATHER CARPENTER, Deputy Director

Division of Insurance

Department of Commerce, Community & Economic Development

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 148.

ANNA LATHAM, Deputy Commissioner

Department of Commerce, Community & Economic Development

Juneau, Alaska

POSITION STATEMENT: Answered questions on behalf of House Rules, prime sponsor of HB 60 by request of the governor.

BROOKE CASHEN, Deputy Chief Procurement Officer

Procurement and Property Management

Department of Administration
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 60.

ACTION NARRATIVE

[3:18:35 PM](#)

CO-CHAIR CAROLYN HALL called the House Labor and Commerce Standing Committee meeting to order at 3:18 p.m. Representatives Nelson, Hall, Coulombe, Saddler, Burke, and Carrick were present at the call to order.

HB 148-OMNIBUS INSURANCE BILL

[3:19:33 PM](#)

CO-CHAIR HALL announced that the first order of business would be HOUSE BILL NO. 148, "An Act relating to insurance; and providing for an effective date."

[3:20:03 PM](#)

REPRESENTATIVE SADDLER asked which provisions of HB 148 were absolutely necessary and what might happen if the proposed legislation was not passed.

[3:20:36 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community & Economic Development (DCCED), replied that there are a few sections related to the Division of Insurance's accreditation. She explained that the division was judged on how well it examined the financial status of insurance companies in line with the 55 other jurisdictions under the National Association of Insurance Commissioners (NAIC). She further explained that accreditation means that companies in Alaska can do business in other states with the security of solvency. She stated that the division must meet or exceed national standards to retain accreditation. She repeated that there are some sections in the proposed legislation that address updates to accreditation standards.

MS. WING-HEIER further stated that there are some provisions of HB 148 regarding licensing updates for efficiency and noted that the division was not licensing people that "should have been

licensed." She noted that there were quite a few technical changes in the proposed legislation as well to correct Alaska Statute (AS). She stated that were HB 148 not to pass, the division would request it again as the proposed fixes to Title 21 are important. She surmised that barring the accreditation standards, no one section of the proposed legislation was more important than the other. She stated that the staff at the division felt that the proposed legislation was necessary to be more efficient and more effective at protecting consumers. In response to a follow-up question, she identified Sections 4, 5, 8, 9, 10, and 11 as dealing with accreditation standards.

[3:23:31 PM](#)

REPRESENTATIVE COULOMBE referring to the sectional analysis of HB 148, citing "to align with NAIC model law 786," and asked whether this section had to do with accreditation.

MS. WING-HEIER replied that the reason for model law was that insurance companies would like to see that the laws are similar or identical across all 50 states. She stated that NAIC does spend time adopting model laws, and that it functioned similarly to the legislature. She further stated that the National Council of Insurance Legislatures (NCOIL) functions in the same way. She noted that model law 786 refers to a licensing bill.

[3:25:07 PM](#)

The committee took a brief at-ease at 3:25 p.m.

[3:25:26 PM](#)

REPRESENTATIVE CARRICK noted there was concern regarding the controlled insurance programs (CIPs) that would restrict the use of CIPs to projects valued at \$50 million or more.

MS. WING-HEIER reported that many years ago, the State of Alaska was in a lawsuit with Alyeska Resort, and the current statutes are a result of that lawsuit. She explained that current statutes require that an owner- or contractor-controlled insurance program must be approved by the division. Additionally, it must be over \$50 million dollars with a definitive length of time and location. She explained that CIPs were purchased by either the owner or contractor of a major project, which buys all of the insurance, including workers' compensation, general liability, equipment, et cetera. She noted it was money-saving for large projects. She reported that

a few years ago, she was told that the division could not approve CIPs because current AS, as a result of the lawsuit with Alyeska, was not written correctly. She offered her belief that it was not the intent of the court case to prohibit CIPs; rather, statute declared that there could not be "additional insured." She explained that the division corrected the statute to allow additional insured to correct what it believed was an error when the statute was first passed.

MS. WING-HEIER stated that there was an amendment for multi-residential projects floating around the Capitol building that had passed in the other legislative body. She explained that the amendment allowed CIPs at a lesser limit of \$25 million, with a requirement of at least 50 units and at least three owners. She commented that the division felt the lesser limits of \$5 million or \$10 million were too low for insurance companies.

[3:29:20 PM](#)

REPRESENTATIVE CARRICK asked whether the revised threshold of \$25 million was too low.

MS. WING-HEIER opined that \$25 million was a fair compromise and noted the division was satisfied.

[3:29:53 PM](#)

REPRESENTATIVE BURKE referred to Section 6 and Section 62 of the proposed legislation where wet marine transportation contracts were previously excluded. She queried the justification for the prior exclusion, citing "the State of Alaska is losing \$300,000 in tax revenue."

MS. WING-HEIER replied that she did not know why the wet marine transportation contracts were given an exclusion, but it goes back years.

[3:31:02 PM](#)

HEATHER CARPENTER, Deputy Director, Division of Insurance, Department of Commerce, Community & Economic Development, replied that she had provided a written answer to Representative Burke's question earlier in the week.

[3:31:16 PM](#)

REPRESENTATIVE SADDLER reiterated that \$5 million or \$10 million CIPs were too low and asked who, business or insurers, would be driven out of business.

MS. WING-HEIER clarified that it would not drive companies out of business or drive businesses out of Alaska but explained that the division was concerned about too much payroll or revenue being taken from small contractors with numbers like \$5 million or \$10 million. She noted that insurance companies have minimum premiums, and small contractors may have a hard time finding someone to write their insurance with numbers like \$5 million or \$10 million.

[3:32:16 PM](#)

CO-CHAIR HALL referred to Section 53 of the proposed legislation describing depreciation of labor and asked why depreciation of labor was allowed in the first place.

MS. WING-HEIER answered that she missed it in a few insurance policy forms stating that there would be depreciation of labor. She reported that the division received complaints and talked to colleagues in other states and found that states are adopting measures to address the depreciation of labor. She stated that when taken out completely, the division received some resistance. She further stated that the division settled on an amendment that would allow for conditional depreciation of labor. She explained that an individual can choose to purchase an insurance policy with labor depreciation to save money.

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REPRESENTATIVE SADDLER confirmed that under the proposed legislation, an individual could lower their premium by taking a higher deductible or lower coverage limits. He surmised that an individual could take "a little hit" to make [insurance] more affordable.

MS. WING-HEIER confirmed that was correct.

[3:34:47 PM](#)

CO-CHAIR HALL referred to Section 58 of HB 148 and queried the history of health maintenance organizations (HMOs).

MS. WING-HEIER replied that the division has allowed HMOs for years. She explained that HMOs are managed care, and because of

the high cost of healthcare, the division allowed HMOs as an option for employers to purchase if it would reduce costs.

[3:36:00 PM](#)

REPRESENTATIVE SADDLER asked whether there were other amendments or policy additions that existed for consideration that might affect the proposed legislation.

MS. WING-HEIER replied that the Senate version of HB 148 had passed out of one committee in the other body with two amendments regarding the depreciation of labor and the change to owner-controlled insurance programs. She stated that she had not seen any other amendments or policy additions.

REPRESENTATIVE SADDLER commented that he had heard talk of trying to repeal the 80th percentile rule and thanked Ms. Wing-Heier.

[3:37:14 PM](#)

CO-CHAIR HALL thanked the invited testifiers.

[HB 148 was held over.]

HB 60-PROCURE PREF: AGRIC. & FISH PRODUCTS

[Contains discussion of HB 140.]

[3:37:23 PM](#)

CO-CHAIR HALL announced that the final order of business would be HOUSE BILL NO. 60, "An Act relating to municipal and state procurement preferences for agricultural products harvested in the state and fisheries products harvested or processed in the state; and providing for an effective date."

CO-CHAIR HALL noted that there would be a brief recap on the proposed legislation and reminded committee members that the house was also considering HB 140, a bill proposed to create a Department of Agriculture.

[3:38:10 PM](#)

ANNA LATHAM, Deputy Commissioner, Department of Commerce, Community & Economic Development (DCCED), answered questions on behalf of House Rules, prime sponsor of HB 60 by request of the

governor. She stated that HB 60 would make incremental changes to a Department of Administration (DOA) procurement statute that has existed since 1986. She explained that state agencies, municipalities, and school districts are currently required to purchase Alaska-grown products or fisheries products harvested in-state if they are available and within 7 percent of the cost of out-of-state products. Additionally, she explained that there is currently a permissible clause allowing state agencies, municipalities, and school districts to purchase products that are up to 15 percent higher than what is offered out-of-state.

MS. LATHAM further explained that HB 60 would increase the requirement from 7 to 10 percent and would additionally change the permissible amount from 15 to 25 percent.

[3:39:19 PM](#)

REPRESENTATIVE COULOMBE noted that the fiscal note is zero. She asked whether this would increase costs for state agencies, municipalities, and school districts even if there were no cost to DOA.

MS. LATHAM replied that was correct if products grown in state were more expensive. She noted that she has reached out to the Department of Education and Early Development (DEED) and the Alaska Municipal League (AML) regarding costs.

REPRESENTATIVE COULOMBE stated that she wanted to support Alaska-grown products but asserted that there would be impacts on local governments.

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REPRESENTATIVE CARRICK commented that she saw a survey of Alaska saying that individuals are willing to pay \$1.60 more on average for Alaska-grown products. She opined that it was good for the State of Alaska to take a position on Alaska-grown products. She stated that she was largely in support of the proposed legislation. She asked for clarification whether it was a requirement or a choice to purchase Alaska-grown products that fall within the threshold.

MS. LATHAM responded it would be a requirement for state agencies, municipalities, and school districts if using DOA's master contract with U.S. Foods. She noted that there are currently very few items listed on the U.S. Foods contract. She reminded committee members that HB 60 was introduced by

recommendation of the food security taskforce in order to provide growers in state an entry to commercial markets so that they might "ramp up their production."

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REPRESENTATIVE CARRICK asked whether there are products not available at any cost - she used lettuce growers as an example - or whether there are not products available in state within the current price differential.

MS. LATHAM replied that there is very little data on pricing in Alaska, because there are so few products currently available. She clarified that the intent of the proposed legislation was to provide commercial entry to growers in state, who "can't necessarily sell an additional five acres of potatoes unless they know they have a buyer, and [HB 60] would provide a buyer." She noted that the Department of Corrections (DOC) was the largest purchaser of Alaska-grown products. She further noted that the state purchases very little overall.

[3:44:13 PM](#)

REPRESENTATIVE SADDLER share concerns about the validity of a zero fiscal note if the proposed legislation would mandate entities to buy more expensive products, despite his support for Alaska agriculture. He referred to the first four sections of HB 60 and asked for a definition of "state money".

MS. LATHAM replied that those sections referred to municipalities and school districts. She further stated that all school districts and, to her knowledge, all municipalities received state money.

REPRESENTATIVE SADDLER asked for clarification that the provisions did not specify receiving state money to support purchase of food; rather, it was for any purpose.

MS. LATHAM offered her belief that it was a broad definition but deferred to DOA.

[3:45:48 PM](#)

BROOKE CASHEN, Deputy Chief Procurement Officer, Procurement and Property Management, Department of Administration (DOA), offered her belief that it referred to any agency that receives any

state funding. She noted that she would want to double check with the Department of Law for a definitive answer.

[3:46:21 PM](#)

REPRESENTATIVE COULOMBE asked if the food bank would fall under this requirement, offering her understanding that the food bank received state money.

MS. CASHEN replied that she would have to check DOA's master agreement, of which she did not believe the food bank was compulsorily contracted. She additionally offered her belief that the Department of Corrections (DOC) had the only mandatory contract. In response to a follow-up question, she explained that the master agreement from DOA contracted with U.S. Foods, the vendor that provides the bulk of state food purchases, Alaska-grown or not. She noted that it was only mandatory for some agencies to use DOA's U.S. Foods contract and stated that other agencies are able to procure from other sources. She noted that [DOA's] data was sourced from U.S. Foods. She additionally offered her belief that the proposed legislation would apply to all state food purchases, not just agencies on the master agreement.

[3:48:12 PM](#)

REPRESENTATIVE SADDLER asked if school districts are unable to purchase foods in-state due to the 7-percent restriction.

MS. LATHAM responded that is not her understanding. She stated there has not been a lot of produce or fisheries products available. She noted that Alaska imports over 95 percent of its food.

REPRESENTATIVE SADDLER commented that the 3 percent increase would make it easier to buy Alaska products even if they cost more.

[3:49:25 PM](#)

REPRESENTATIVE COULOMBE asked if there had been discussions around availability of products and what would be done if products were unavailable.

MS. LATHAM state that the U.S. Foods master contract has a lot of out-of-state vendors currently on the list. She stated that if HB 60 were to pass, then if a food product in-state were not

within the proposed 10 percent restriction, DOC, for example, would purchase from an out-of-state vendor. She confirmed that Representative Coulombe's understanding was correct. She further noted that the majority of purchases are of out-of-state goods.

[3:50:50 PM](#)

CO-CHAIR HALL asked how many growers were prepared to jump into commercial markets.

MS. LATHAM responded that she did not have an exact number. She noted that she met with the Farm Bureau recently and stated that there were a handful of growers that indicated they could expand. In response to a follow-up questions, she stated she did not currently have information about a timeline.

[3:51:51 PM](#)

REPRESENTATIVE SADDLER commented that the state would need to buy more freezers.

[3:51:56 PM](#)

CO-CHAIR HALL asked what additional support the agricultural industry would need to sustain commercial markets under HB 60.

[3:52:13 PM](#)

REPRESENTATIVE COULOMBE said she felt that the effective date was too short. She asked whether Ms. Latham would oppose an extension on the effective date.

MS. LATHAM replied that there was no effective date. She explained that, as more products become available, they will be listed on the master contract.

[3:53:02 PM](#)

REPRESENTATIVE BURKE asked how many municipalities and school districts use U.S. Foods.

MS. CASHEN stated she could get that data for the committee members.

[3:53:58 PM](#)

REPRESENTATIVE SADDLER remarked that it was his understanding that HB 60 was applicable to any agency that used state funding and was not limited to agencies participating in the U.S. Foods agreement.

CO-CHAIR HALL thanked the invited testifiers.

[HB 60 was held over.]

[3:54:58 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 3:55 p.m.